

COMPLIANCE AGREEMENT
BETWEEN THE
UNITED STATES NAVY
AND THE
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

TOXIC SUBSTANCES CONTROL ACT

IN RE:
TRANSFER OF ex-HOGA FROM THE NAVY TO THE
ARKANSAS INLAND MARITIME MUSEUM OF NORTH LITTLE ROCK, ARKANSAS

PARTIES

1. The United States Environmental Protection Agency (EPA) and the United States Navy (the "Navy") are parties to this Compliance Agreement ("COMPLIANCE AGREEMENT" or "AGREEMENT").

PURPOSE

2. This AGREEMENT relates to the transfer of the harbor tug ex-HOGA (YTM 146) from the Navy to the Arkansas Inland Maritime Museum of North Little Rock, Arkansas (hereinafter referred to as the "DONEE"), for use as a static museum/memorial pursuant to EPA's AGREEMENT with the DONEE concerning this continued use.

COVERED MATTERS

3. This AGREEMENT addresses steps the Navy shall take respecting the transfer of the ex-HOGA (or the "Vessel") to the DONEE in light of the presence of polychlorinated biphenyls (PCBs) on the ex-HOGA.

4. If the Navy abides by the terms of this AGREEMENT, EPA agrees not to institute an enforcement action against the Navy for the violation of PCB regulatory requirements under the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., (TSCA), in transferring the ex-HOGA to the DONEE.

5. This AGREEMENT does not address, nor represent, any form of agreement regarding EPA enforcement response for any other possible violations of EPA regulations by the Navy.

6. A separate EPA/DONEE AGREEMENT will address the conditions which the DONEE must meet to reduce the risks to human health or the environment associated with the continued presence of PCBs onboard the ex-HOGA.

BACKGROUND AND STATEMENT OF FACTS

7. According to the Navy, in 1989 the Navy discovered the presence of wool felt on submarines and surface ships in its fleet with PCB concentrations of up to 30% by weight. The felt was used in a number of applications including acoustical damping material on submarines, gasket material in the joints of ventilation ducts, faying or insulation material between dissimilar metals, and machinery mount insulation.

8. Prior to the 1989 discovery of this felt on its vessels, the Navy affirms that it had no knowledge it was using PCBs in the applications described above. The felt material was procured from 1948 until the late 1970s under specifications that required a fire retardant. It was used during both new construction and repair of vessels in a variety of applications, and in some cases, may have been installed on older vessels during periodic overhauls and maintenance. The ex-HOGA may contain this felt material.

9. In 1990 and later, the Navy contends it discovered that various solid materials found on Navy vessels and in other non-maritime and non-military industrial applications may contain regulated PCBs. Such materials include: caulking; felt and rubber ventilation duct flange gaskets; insulation and other non-metallic components of electrical cable; fluorescent light ballast starters and potting material; bulkhead and pipe insulation; foam rubber/plastic/cork anti-sweat insulation used on hull surfaces and cold water piping; other rubber products such as pipe hanger

rubber blocks, snubbers, bumpers, shock and vibration mounts, pads, spools, hatch gaskets, O-rings, packing, grommets, etc.; adhesive tape and double-backed adhesive tape; aluminized paint; gloss oil-based paint; and oils and greases.

10. The ex-HOGA contains some or all of these materials. Based on the results of a Navy's PCB sampling survey on the ex-HOGA, some of these materials were found to contain PCBs in a range of less than 1 part per million (ppm) to 3,300 ppm.

11. However, this sampling survey is not a complete characterization of the extent of PCBs in these materials on the ex-HOGA, and other materials of these types may exist on the ex-HOGA with PCB concentrations that exceed these ranges.

12. These PCBs and PCB items are regulated by EPA under 40 C.F.R. Part 761. Such PCBs and PCB items, at concentrations of 50 ppm or greater, may only be used in a totally enclosed manner (40 C.F.R. § 761.20(a)) within the United States unless otherwise authorized by EPA under TSCA. The uses described above may not be totally enclosed and may therefore not be authorized by EPA.

13. The Navy advises EPA that when the ex-HOGA was placed on inactive status in 1970 and stricken from the Naval Vessel Register (NVR) on July 12, 1996, the Navy conducted the following activities: (a) a ship-wide PCB survey of PCB containing transformers and capacitors; and (b) sampling and testing to provide preliminary PCB characterization in preparation of transfer. The sampled materials included: aluminized paints, electrical cable, grease, insulation, oil, rubber applications, swipes and ventilation gaskets. Sample results showed PCB levels ranged from non-detectible to 3,300 ppm. No PCB containing transformers or capacitors were found onboard the ex-HOGA.

14. The Navy has provided EPA and the DONEE with a preliminary inventory and sampling/survey data of other known or potential PCB items onboard the ex-HOGA.

15. Under 10 U.S.C. Section 7306, the Navy is authorized to donate vessels to Federal, State, and local governments, and non-profit organizations for use as museums and memorials.

REQUIREMENTS AND DELIVERABLES

16. Pursuant to this statutory authority, the Navy advises EPA that it intends to transfer the ex-HOGA to the DONEE for use as a memorial and museum under Contract No. N00024-04-C-0201 (Donation Contract) which is the sole legal document evidencing title transfer from the Navy to the DONEE.

17. This Donation Contract shall require the DONEE to maintain the ex-HOGA in a condition satisfactory to the Navy including the management of the ex-HOGA in accordance with the requirements as established by the AGREEMENT between the DONEE and EPA and require the DONEE, including any successor in interest, to:

(a) maintain the Vessel in a condition satisfactory to the Secretary of the Navy in such a manner that it will not cast discredit upon the Navy or upon the proud tradition of the Vessel, and will not allow the Vessel to become a menace to navigation, public health, or safety;

(b) allow Federal, State, and local inspectors, including EPA, access to all of DONEE's records, documents, and facilities, including the right to perform inspections annually or as determined necessary by the Navy, to assure that the information provided to such authorities is accurate and in compliance with the terms of this contract;

(c) acknowledge that PCBs are present on the Vessel and that the use of many of the PCB items on the Vessel are not authorized by TSCA or the regulations implementing it;

(d) further acknowledge that the PCB items require special precautions to ensure against risks to health and the environment;

(e) agree to manage all items onboard the Vessel in accordance with the provisions of Paragraphs 17(a) through (l) except as provided by the AGREEMENT between the DONEE and EPA;

(f) take all steps necessary to comply with any written directions or instructions that the Navy may prescribe for the protection, preservation, maintenance, and repair of the Vessel;

(g) comply with all Federal, State, and local laws and regulations in force, or that may be enacted or issued in the future, with respect to the preservation, documentation and display of the Vessel and its equipment including those relating to public safety, protection of the environment, and historic preservation;

(h) obtain all certificates, licenses, and permits required by law or regulation from the appropriate authorities;

(i) obtain written approval from the Secretary of the Navy, or his authorized representative, prior to any significant change in the movement, operation, use, management, or maintenance of the Vessel and its equipment;

(j) not transfer or otherwise dispose of the Vessel, or any part of the Vessel, or any interest the DONEE may have, unless the prior written consent of the Secretary of the Navy, or his authorized representative, has been obtained;

(k) require any successor in interest or manager of the Vessel to comply with all provisions of this contract; and

(l) notify the Navy should it no longer be able or willing to maintain the Vessel as a museum and memorial.

18. Prior to transfer of the ex-HOGA title to the DONEE, the Navy shall provide written notification to the DONEE and EPA that the PCB items on the ex-HOGA are regulated under TSCA and that their continued presence onboard the ex-HOGA are not authorized under TSCA.

19. Before transferring title of the ex-HOGA to the DONEE, the Navy shall provide written notification to the DONEE and EPA of known or potential PCB items onboard the ship. This notification shall be in the form of a final inventory which lists the item, equipment identification number, quantity, cabinet, status, location compartment, serial number, kilograms of fluid or PCB material, and any other "remarks" which shall describe what the item is and what is known about its PCB content.

20. Any survey or sampling results conducted by the Navy, or under the direction of the Navy, or conducted by any third party, concerning PCBs onboard the ex-HOGA shall be provided to EPA and the DONEE along with this inventory. A final version of this inventory and the sampling/survey data (if different from the ones that were initially provided by the Navy) shall be provided to EPA and the DONEE prior to transferring title to the vessel.

21. The Donation Contract shall require that the DONEE allow the Navy to conduct inspections annually, or as determined necessary by the Navy, to ensure that the ex-HOGA is appropriately maintained and operated in accordance with the Donation Contract.

22. The Donation Contract shall provide for the Navy to terminate the Contract and reassume title to the Vessel in any case in which the DONEE does not meet its obligations under the Donation Contract including obligations under the EPA/DONEE AGREEMENT.

23. In the event the DONEE, or its assigns, fails to perform the obligations assumed under this contract, or obligations under the EPA/DONEE AGREEMENT, the Navy, upon notification and request by EPA, shall work with the DONEE and EPA to resolve these non-compliance issues through remedies available to the Navy under the Donation Contract including

assumption by the Navy of possession and title to the ex-HOGA if EPA determines that the conditions of non-compliance by the DONEE present an unreasonable risk to human health or the environment.

24. The DONEE shall have ninety (90) days from the date of receipt of any written notice(s) to correct violations or deficiencies set forth in the notice or to begin diligent efforts to effect any cure which may require more than ninety (90) days to complete.

25. If, at the end of such time, it appears to the Secretary of the Navy or his duly authorized representative that the violations have not been corrected, then the Donation Contract may be terminated, in which event the DONEE shall forfeit to the Navy any and all rights that it may have in the Vessel including rights in any improvements made to the Vessel or fixtures attached by the DONEE, as the Secretary of the Navy or his duly authorized representative may decide, and if the Secretary of the Navy or his duly authorized representative so directs, shall transfer title and return the Vessel to the Navy at no cost to the Navy.

26. Secretary of the Navy or his duly authorized representative may terminate this donation contract, provided that written notice to terminate, specifying the particulars wherein it is claimed this donation contract has been violated, is transmitted by registered mail to the DONEE.

27. If the donation contract is terminated for cause, title to the Vessel shall revert to the Navy without further remediation or removal of environmental encumbrances that were associated with the Vessel at the time of original donation, provided that any such existing encumbrances whose condition has deteriorated as a consequence of the DONEE's possession of the Vessel shall be remediated to the satisfaction of the Navy at no cost to the Navy.

28. If EPA terminates the EPA/DONEE AGREEMENT, and such termination is based on an EPA determination that there is an unreasonable risk to human health or the environment from the PCBs onboard the ex-HOGA, then the Navy, upon notification and request by EPA, will reassume title and possession to the Vessel or ensure that all PCBs are managed or disposed of pursuant to 40 C.F.R. Part 761.

29. In the event the Vessel becomes a hazard to navigation, public health, safety, or property, or in the event insurance coverage is not paid or is permitted to lapse, the Secretary of the Navy or his authorized representative may terminate this Donation Contract immediately.

30. In the event per Paragraph 17(l), the DONEE notifies the Navy that they are no longer able, nor willing to maintain, the ex-HOGA as a museum or memorial, the Navy shall either reassume title and possession to the ex-HOGA or ensure that all PCBs are managed or disposed of pursuant to 40 C.F.R. Part 761.

31. Nothing in this AGREEMENT relieves the Navy of the responsibility for the disposal of PCBs from the ex-HOGA in accordance with 40 C.F.R. § 761.60, regardless of who initiates disposal.

32. Nothing in this AGREEMENT addresses EPA's potential enforcement response for the DONEE's violation of TSCA or any other law.

ENFORCEABILITY

33. In the event of a material breach by the Navy of any term or condition of this AGREEMENT, or for other cause, EPA shall notify the Navy and afford the Navy a reasonable opportunity under the circumstances, as determined by EPA, to correct the problem.

34. If EPA considers the material breach or other cause to remain, then EPA may, at its sole discretion, terminate this AGREEMENT by written notice to the Navy. EPA may then take appropriate enforcement action for any violations of TSCA.

35. The Navy shall provide written notification to EPA's Federal Facilities Enforcement Office of any known or suspected breach of this AGREEMENT within five (5) calendar days of the breach or suspected breach. Failure to do so by the Navy may constitute a material breach of this AGREEMENT.

TERMINATION

36. This AGREEMENT shall terminate upon the Navy's reassumption of title to the ex-HOGA.

EFFECTIVE DATE

37. This AGREEMENT shall become effective upon execution by authorized representatives of EPA and the Navy provided that EPA and the DONEE have executed an AGREEMENT addressing the management of PCBs on the ex-HOGA.

38. If this AGREEMENT is signed prior to the EPA/DONEE AGREEMENT, it does not become effective until the EPA/DONEE AGREEMENT is effective.

39. If the EPA/DONEE AGREEMENT is effective prior to execution of this AGREEMENT, this AGREEMENT shall become effective upon the date on which the last party affixes its signature to the AGREEMENT.

THE PARTIES SO AGREE:



Richard E. Greene
Regional Administrator Region 6
U.S. Environmental Protection Agency

MAR 25 2005

Date

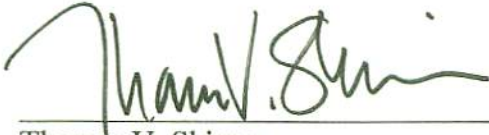


C. S. Hamilton
RADM USN
Program Executive Officer Ships

APR 21, 2005

Date

CONCURRENCE:



Thomas V. Skinner
Assistant Administrator for
Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
(Acting)

5.10.05

Date

IN RE:

Transfer of ex-HOGA from the Navy to the
Arkansas Inland Maritime Museum of North Little Rock, Arkansas